

Fiscal Highlights

What do Funding Mixes Have in Common with Ace of Base? - Clare Tobin Lence

Both received lots of attention in 1994, and not much since.

Back in December 1994, the Executive Appropriations Committee (EAC) approved a set of criteria for determining the mix of funding sources for employee compensation and Internal Service Fund (ISF) service cost adjustments for state entities. EAC has not reaffirmed this motion for the past 22 years. During that time, the Office of the Legislative Fiscal Analyst (LFA) has primarily handled these questions of funding mix internally, guided by the 1994 criteria.

Although funding mixes for compensation and ISF service cost adjustments are a technical area of the budget, the fiscal impact can be significant. As an example, [S.B. 8](#), "State Agency and Higher Education Compensation Appropriations," 2016 General Session, cost \$79 million with \$47 million in state funds (from the General, Education, and Uniform School Funds) and \$32 million in non-state funds. If the bill was appropriated with different funding mix methodologies, the share of state funds could have been as much as \$32 million more or approximately \$9 million less.

Following a recent in-depth review, LFA requested that EAC revisit and affirm the criteria for determining funding mixes. EAC considered the draft criteria presented by LFA during their September meeting and moved to open a bill file for a resolution that would set the criteria in rule. These criteria are listed in the issue brief found [here](#), on page 2.

The draft criteria may be adjusted, but once finalized, the rule should have more staying power than other relics from 1994.